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iceweb
Unified Data Storage

Key Metrics

IWEB - OTC BB	$0.06
Pricing Date	Aug 22, 2012
18-24 month Price Target	$.75
52-week Range	$.21-$0.05
Shares Outstanding	172M (200M fully diluted with warrants/options)
3-Mo Average Daily Volume	832,000
50-day Moving Average	$.08

6 Month Price History for IWEB

Company Snapshot: IceWEB, Inc. *(the "Company", "IceWEB" or "IWEB") is a publicly listed unified storage appliance systems company.* Through thin provisioning, target de-duplication and inline compression IceWEB unified storage systems save small-to-mid tier enterprises up to 90% of storage costs, while reducing space, power and cooling requirements and simplifying storage management through IceWEB's proprietary IceSTORM™ Operating System for virtual and cloud environments.

IceWEB, Inc.

Rating: Strong Buy

Rapidly Expanding Low Cost Provider Pure-Play on Virtualized Server and Cloud Storage Explosion: Initiating Coverage with Strong Buy Rating and 10X Upside

Investment Conclusion: We are initiating coverage of IceWEB Storage Corporation with a Strong Buy Rating and $.75 target price on 200 million shares fully diluted and 8 X 2014 sales target forecast.

Investment Thesis: The tectonic shift in data center environments to virtual and cloud based application and storage infrastructure has now accelerated to an inflection point within the small to mid-tier enterprise markets. **With research firm IDC estimating data storage doubling every two years**, the need for storage resources which can handle complex and mixed systems that combine both file and block data (i.e. unified data storage) doubles as well. At the same time, <Fortune 2000 small-to-midsize IT enterprises are extremely cost sensitive. Through IceWEB's proprietary IceSTORM™ Operating System for virtual and cloud environments, IWEB offers "EMC/NetApp" like storage/back-up/Disaster Recovery functionality at up to **90% LOWER direct and indirect cost-of-ownership expense.** IWEB is now poised to exploit its low cost/high spec value proposition within the $200 billion annual <Fortune 2000 enterprise market for unified storage systems.

Investment Highlights:

- **IceWEB Is Now Perfectly Positioned With The Low-Cost/High Spec Unified Storage Appliances.** The big shift within the IT industry to public and private cloud storage and the increased demand for storing unstructured

data (particularly for older data mandated for storage and big data analytic projects) is creating significant demand for low cost storage at price point significantly below traditional storage vendors. IceWEB's total cost of ownership (TCO) vs. traditional IBM, NetApp, EMC, HP and Dell solutions approaches 2-3X LOWER or up to 90% LESS total cost of ownership.

- **IWEB's Significant Industry Recognition & Best of Class Awards.** IceWeb's storage solution was named Storage Hardware Product Of the Year and "Best In Class" by numerous independent IT consulting firms and just voted #1 Mid-Range Storage Company by IT professionals and DataCentre Buyer's Guide. These ratings validate our "EMC/NetAPP functionality at up to 90% lower cost of ownership" claim.

datacentre solutions awards 2012 Winner	**Storage Hardware Product of the Year Award in the 2012 Data Centre Solutions Awards**
	In a competitive selection process spanning a record number of entries, IceWEB nudged out all other storage providers and 7 other finalists to receive first place in this competition due to IceWEB's unique combination of enterprise features and performance for Unified Storage Systems with ease of use and affordability for mid-sized organizations.
BEST-IN-CLASS 2012 DCIG BUYER'S GUIDE MIDRANGE ARRAY REPLICATION SOFTWARE **Jerome Wendt** *Founder and CEO* DCIG February 13, 2012	**IceWEB Unified Storage Appliances Ranked #1 in Replication Software Category in DCIG 2012 Midrange Array Buyer's Guide**
	… their #1 ranking in the Replication Software category shows that IceWEB is currently better positioned than its competitors to meet this specific

	organizational need. IceWEB does more than provide organizations a great solution for replicating their data. It puts organizations in a position to start solving tomorrow's emerging business continuity, DR, high availability and eDiscovery search requirements today."
TANEJA GROUP TECHNOLOGY ANALYSTS	**IceWEB: Nailing Unified Storage**
Jeff Boles *Senior Analyst/Director* Taneja Group April 18, 2012	*"IceWEB seems to have some clear differentiators including an enterprise-grade storage subsystem and a user interface that is more user-friendly than many we've seen. These two differentiators should help IceWEB to go further than competitors in delivering both infrastructure and operational efficiency.*

- **Over 20+ Storage Appliance & Replication Software/Hardware Acquisitions in last 36 month.** IWEB remains one of the only mid-tier storage solution providers NOT acquired in the last 36 months. Should IWEB increase market share and "nuisance" factor as expected to the large storage players, we expect a similar strategic acquisition from one of the large fully integrated IT storage companies.

			Price	Revenues	Multiple
Dell					
04/05/12	**Make Technologies**	Application modernization software	>$200M		
04/03/12	**Clerity Solutions**	Legacy system re-hosting solutions	>$400M		
04/02/12	**Wyse Technology**	Thin Client computing	>$1.2B		

03/13/12	**SonicWALL**	IT Security	>$600M		
02/24/12	**AppAssure**	Backup and Recovery	>$200M		
08/26/11	**Force10 Networks**	Storage Networking	>$400M		
02/22/11	**Compellent**	Enterprise class storage	$960M	147,000,000	6.53
11/05/07	**Equallogic**	Enterprise class storage	$1.4 billion	70,000,000	20.00
Hewlett-Packard (HP)					
09/27/10	**3Par**	Thin Client	$2.35 billion	217,044,000	10.83
10/01/08	**Lefthand Networks**	Data storage	$360M	50,000,000	7.2
NetApp					
06/16/05	**DeCru**	Storage security/Data encryption	$272M		
03/09/11	**Engenio**	External storage systems	$480M		
EMC					
11/15/10	**Isilon**	Storage infrastructure for cloud/Big Data	$2.25 billion	184,249,333	12.21
05/10/12	**Xtreme IO**		$430M	0	Infinity
07/20/09	**Data Domain**	Backup and Archive	$2.1 billion	263,302,000	7.98

▪ **Mid-Range Replication Software and Hardware Needs Rapidly Changing**

The new factors driving midrange storage and integrated replication software include server virtualization, expanded compliance requirements, shorter application backup and recovery times, replicating backup data and eDiscovery, testing and development. These are forcing organizations to radically change their use of midrange storage arrays going forward. The replication software on the IceWEB 2000, 3000, 6000 and 7000 Unified Storage Appliances provides the depth and breadth of replication features that organizations need to meet these emerging business requirements as it includes every replication software option available.

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- **New CEO Rob Howe Brings A Much Needed Focus on Execution.** The tragic passing of IWEB founder and CEO John Signorello in late May essentially froze sales and activity in the last 30-40 days of Q2. Mr. Signorello had recruited a strong team to execute the IWEB vision of becoming the low cost/high spec mid-range storage leader, but as with most charismatic visionaries, Mr. Signorello was the first to admit execution and sales channel management details were never his strength. Rob Howe's appointment as CEO (with a 25 year IT exec resume including President of CompUSA, as well as the former VP and GM of AT&T's worldwide PC business) brings IWEB the strong execution executive IWEB needed to complete the transition from R&D to day-to-day sales and business development execution.

- **Rapidly Scaling Public Cloud Services & Storage Are in An Arms Race for Low Cost Storage and Replication Technology**. Google Mail is a Cloud service. Facebook is a Cloud Service. Every day they create petabytes (one thousand terabytes) of new data storage. But "FREE" unstructured cloud storage services are creating billions of storage terabytes every day.

	FREE Storage Limit (In Gigabytes)
amazon cloud drive	5 gigabytes
Dropbox	2 gigabytes
EVERNOTE	5 gigabytes
iCloud	5 gigabytes
Microsoft SkyDrive	7 gigabytes
Google Drive	5 gigabytes
SugarSync	5 gigabytes

- **US Government's $20 Billion Mandated 'Cloud First by 2015" IT Strategy Is Accelerating Server and Storage Virtualization Demand.** The U.S. government is moving ahead with an ambitious consolidation initiative that aims to slash the number of federal data centers from 2,094 facilities to 1,132 data centers by 2015. The government, ahead of its original schedule, now plans to close 472 data centers by the end of 2012. The White House has implemented a "cloud first" policy that requires agencies to consider cloud computing as an option when evaluating their IT needs. The federal data center consolidation activity is tied to other industry trends, including server virtualization and cloud computing.

- **IceWEB R&D Work Complete—NOW It's Time To Fix The Capital Structure:** IWEB burned through over $12 million in equity capital to complete its IceSTORM operating system and hardware. That R&D work is largely complete. With more than $5M in warrants exercisable between 7 and 15 cents, we expect to see IWEB add $3-$5 in additional working capital and maintain its equipment and AR financing capacity with Sand Hill Finance LLC. Once financially stable, we would expect CFO Mark Lucky to reverse split the shares outstanding 10-to-1 or more to soak up the 200 million shares outstanding and build a simple capital structure.

- **Multiple Catalysts with Significant Near-Term Upside:** We believe IWEB has significant upside potential in the near-term from multiple catalysts inherent in their strategy:
  - ✓ Additional activity and sales from the Rackspace cloud services partnership will begin to transpire;
  - ✓ Q3 2012 sales numbers will be out by early mid-December latest—and will be significantly higher than Q1 2012 sales as "frozen" POs become live again and the shock of the loss of CEO Signorello are pushed into Q3 sales results;
  - ✓ Major regional and international distribution agreements are in final stages of negotiation and completion;
  - ✓ New product introductions are expected to be announced and added to the IceWEB product line;
  - ✓ Additional industry wards and consultant recommendations will continue to build name recognition and demonstration demand…and ultimately additional market share growth.
  - ✓ Federal Government "use of lose" capital spending season begins in September

The MidRange Storage Business Case: Five Major Forces Driving Demand Growth for Low-Cost Mid-Range Unified Storage and Integrated Replication Software.

Five forces have emerged over the last few years that are creating a new demand for midrange storage arrays and integrated replication software (source DGIG and IDG reports). These include:

• **Server Virtualization—the Rise of the "Virtual Machine".** More organizations are looking to run their business in the "cloud" for both financial and technical reasons. The first step to accomplishing this objective is to virtualize their existing application servers. This entails using one or more of the many available hypervisors to include Citrix XenServer, Microsoft Windows 2008 Hyper-V, Red Hat Linux and VMware vSphere.

The easiest way to understand the concept of "virtualization" of an application or storage server is to imagine an HOV lane on a freeway. In the lane are cars with open seats—aka a single driver with empty seats. Virtualization of servers or storage arrays simply fills the empty space on a server or storage array in real time—creating a virtual server or storage machine that uses the "empty seats."

As organizations virtualize their servers they are usually deploying midrange arrays to host these virtual machines (VMs). Key point: while hosting these VMs on midrange arrays is primarily done to accommodate the increased performance and storage demands that server virtualization introduces, organizations are quickly discovering that using a midrange array's snapshot software is a better way to do backup and recovery for these VMs.

Using the midrange array snapshot feature, the overhead associated with performing backups is offloaded from the physical server to the midrange array. This also permits organizations to recover data directly from these snapshots and use them as the source if copying data off to disk or tape.

This trend of using midrange array snapshots is already accelerating. It is therefore reasonable to assume that snapshots may become the predominant way that backups and recoveries are done in these virtualized environments.

• **Expanded ARRA/HIPPA/Dodd-Frank Compliance Requirements.** Many are aware of the American Recovery and Reinvestment Act (ARRA) of 2009 and the $1 trillion in stimulus that was distributed as a result of its passage. But an ARRA provision expanded the definition of those businesses that are subject to the Health Insurance and Portability Accountability Act (HIPAA) of 1996. Under ARRA's new provisions, any organization that "touches" a medical record is now subject to HIPAA rules and regulations. These include third party administrators defined in the ARRA as "Business Associates" that provide administrative services to health care providers, health plans and health care clearinghouses.

As such, these organizations are subject to the so called "Final Rule" on Security Standards issued in 2003. These require that they have a contingency plan to be in place to respond to

emergencies to include backing up their data and having disaster recovery (DR) procedures in place. While the exact specifications of these DR procedures remain vague, existing health care organizations already interpret them to mean doing near real time replication of this data and are using midrange array replication software to satisfy this requirement.

Then there are the new Dodd-Frank data regulations about to be released. As detail of new data storage, eDiscovery and replication requirements for financial services transactions and support data from the massive Dodd–Frank Wall Street Reform and Consumer Protection Act are released, extensive additional data storage and real-time replication requirements will undoubtedly ADD to the data storage, search and recovery burden on enterprises and government regulators.

• **Shorter Application Backup and Recovery Times.** Physical or virtual, all organizations are looking to reduce the time that they spend backing up and recovering their data while receiving higher assurances that their application data is recoverable. By leveraging both the snapshot and replication features on many midrange arrays, more and more organizations place the data of both their physical and virtual machines on these arrays to accomplish that objective.

Using the midrange array snapshot feature, organizations may recover specific files more quickly from disk or even mount the snapshot so they may rollback an application to a previous point in time. This flexibility to rollback and recover an application to a specific point in time is one which cloud providers now cite as highly desirable and regularly used in-house to support their clients.

Using either asynchronous or synchronous replication software, organizations may also automate the movement of data to a secondary site or even to a cloud provider. This copy of data may then be used to shorten the time required to recover from a disaster or even provide "always-on" capabilities for highly available applications.

Replicate Backup Data. Most organizations still subscribe to the traditional methods of daily incremental and full weekly backups. What is changing is that disk is replacing tape as the predominant backup target with midrange arrays often used in this role as a disk-based backup target. The problem this creates is how to get this backup data offsite…i.e. to the "cloud".

Replication software solves this dilemma. It may be configured to replicate the data to another array at another site once the daily or weekly backups are done thereby minimizing or eliminating the need to use any type of removable media to get the data offsite. Gone are the days of loading hundreds of tape-drives in box for shipment to a vault or storage locker.

• **eDiscovery, Testing and Development.** Storing a near real-time copy of production data on disk in the form of a backup, a snapshot or a replicated copy on a secondary array creates new opportunities for organizations to perform new tasks that currently are difficult or impossible to perform now.

eDiscovery is a prime example. Performing a search against production data is often intrusive and negatively impacts production applications. Using backups or snapshots residing on disk, searches may be done just as quickly without the risk to production applications.

Using the midrange array's snapshot or replication feature, copies of data may now be created for this purpose. This minimizes impact to production applications while resulting in the development of better applications and smoother product installs and upgrades.
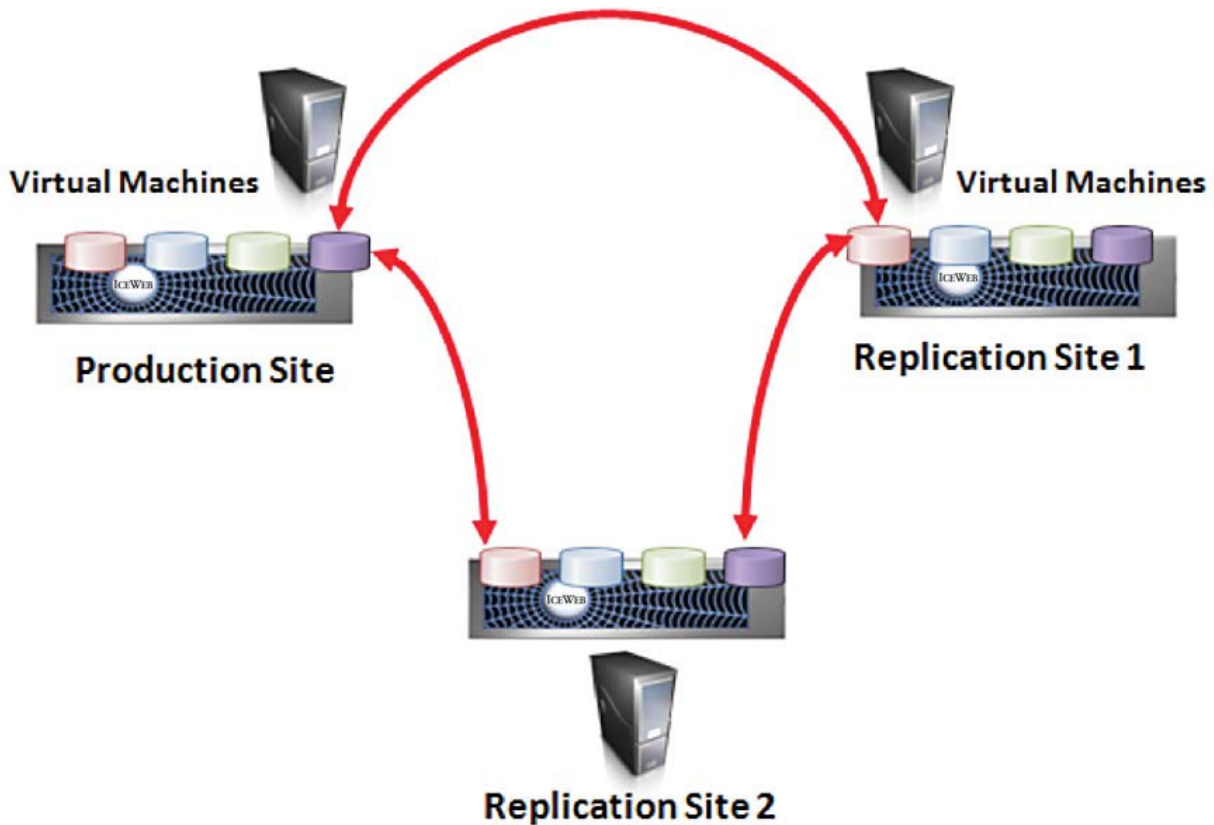
Competitive Analysis

According to the highly influential DGIC Buyers Guide (July 2012) IceWEB's integrated midrange storage and IceSTORM unified storage and replication software was rated #1 and "Best In Class/25% Higher Rated" than over 30 competitive alternatives costing 2-3X more in direct and indirect cost of ownership.

Midrange Array	Score	Ranking
1. IceWEB	**18**	**Best-in-Class**
3. IBM XIV 2nd Gen/Gen 3	14	Excellent

4.	Pillar Data Systems Axiom 600	13	Excellent
5.	Aberdeen XDAS D32H	12	Excellent
6.	Dell Compellent Storage Center Model 40	12	Excellent
7.	NEC M100	12	Excellent
8.	NetApp FAS32xx Series	12	Excellent
9.	RELDATA 9240	12	Excellent
10.	Scale Computing M Series	12	Excellent
11.	HDS AMS 2xxx Series	11	Good
12.	Dell EqualLogic PS6000/6100 Series	10	Good
13.	EMC VNX 5xxx and 7500 Series	10	Good
14.	HP P4000 G2 LeftHand SAN Solution	10	Good
15.	NEC D3 & D4 Series	10	Good
16.	Nexsan DATABeast	10	Good
17.	Aberdeen XDAS D42F	9	Good
18.	Celeros XT23S-FC	9	Good
19.	HP P6300/P6500 EVA	9	Good
20.	HP 3PAR F200/F400	9	Good
21.	Dot Hill AssuredSAN 37xx, 39xx & 57xx Series	8	Good
22.	Oracle Sun Storage 6xxx Series	8	Good
23.	InforTrend ESVA F70	7	Good
24.	Overland Storage SnapSAN S2000	7	Good
25.	EMC VNXe 3100/3300 Series	6	Good
26.	Overland Storage SnapSAN S1000	4	Basic
27.	Celeros XT23S-iSCSI	2	Basic
28.	XIO Hyper ISE 14.4H	1	Basic

| 29. | Nexsan E60 | 0 | Basic |
| 30. | Nexsan SASBeast & SATABeast | 0 | Basic |

Four factors contributed significantly to IceWEB achieving this ranking:

1. Support for synchronous replication

2. Support for both forms of asynchronous replication *(continuous and periodic)*

3. Support for all four types of snapshots *(AoW, CoW, Full Copy and Split Mirror)*

4. Complete licensing for all of these of forms of replication

IceWEB's rating exceeded the next closest competitor (IBM) by 25%...and according to list prices the IWEB solution is over 70% LESS costly (not including energy savings).

Summary

After years of R&D costs and dilutive rounds of equity capital raising, IWEB is now clearly positioned in the "right place at the right time" for <Fortune 2000 enterprises and government/educational enterprises. The new CEO brings very deep IT chops and a "get'r done" approach to detailed sales plan execution that was admittedly missing from IWEB under its past founder/CEO. "Deliver on the Promise" is the mantra for the IceWEB team, and given the rapidly growing secular expansion in mandated enterprise data storage and consumer digital content, NBT concludes the odds of rapidly market share expansion and enterprise value are a high return opportunity for investors at these low sales multiple valuations.

For additional NBT Equities Research reports and updates on IceWEB Storage Corporation come to **www.nbtequitiesresearch.com** and register for our research publications.

Forward Looking Statements

This news release contains "forward-looking statements" as that term is defined in Section 27A of the United States Securities Act of 1933, as amended and Section 21E of the Securities Exchange Act of 1934, as amended. Statements in this press release which are not purely historical are forward-looking statements and include any statements regarding beliefs, plans, expectations or intentions regarding the future. Such forward-looking statements include, among other things, regulatory incentives, the development of new business opportunities, and projected costs, revenue, profits and results operations. Actual results could differ from those projected in any forward-looking statements due to numerous factors. Such factors include, among others, the inherent uncertainties associated with new projects and development stage companies. These forward-looking statements are made as of the date of this news release, and we assume no obligation to update the forward-looking statements, or to update the reasons why actual results could differ from those projected in the forward-looking statements. Although we believe that any beliefs, plans, expectations and intentions contained in this press release are reasonable, there can be no assurance that any such beliefs, plans, expectations or intentions will prove to be accurate. Investors should consult all of the information set forth herein and should also refer to the risk factors disclosure outlined in our annual report on Form 10-K for the most recent fiscal year, our quarterly reports on Form 10-Q and other periodic reports filed from time-to-time with the Securities and Exchange Commission.

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